



State of Wisconsin  
2001 - 2002 LEGISLATURE  
January 2002 Special Session

LRBb2714/1  
RAC:jld:cmh

**SENATE AMENDMENT 1,  
TO SENATE SUBSTITUTE AMENDMENT 1,  
TO ASSEMBLY BILL 1**

March 29, 2002 - Offered by Senators M. MEYER and WIRCH.

1           At the locations indicated, amend the substitute amendment as follows:  
2           **1.** Page 32, line 23: after that line insert:  
3           “**SECTION 100hr.** 40.05 (2) (b) of the statutes is amended to read:  
4           40.05 (2) (b) Contributions shall be made by each participating employer for  
5 unfunded prior service liability in a percentage of the earnings of each participating  
6 employee. A separate percentage rate shall be determined for the employee  
7 occupational categories under s. 40.23 (2m) as of the employer’s effective date of  
8 participation. The rates shall be sufficient to amortize as a level percent of payroll  
9 over a period of 40 years from the later of that date or January 1, 1986, the unfunded  
10 prior service liability for the categories of employees of each employer determined  
11 under s. 40.05 (2) (b), 1981 stats., increased to reflect any creditable prior service  
12 granted on or after January 1, 1986, increased to reflect the effect of 1983 Wisconsin

1 Act 141, increased at the end of each calendar year after January 1, 1986, by interest  
2 at the assumed rate on the unpaid balance at the end of the year and adjusted under  
3 pars. (bu), ~~(bv) and (bw)~~ to (bz).

4 **SECTION 100ht.** 40.05 (2) (bwd) of the statutes is created to read:

5 40.05 (2) (bwd) The employer contribution rate under par. (b) for state agencies  
6 shall be adjusted to reflect the cost of providing the retirement benefits under 2001  
7 Wisconsin Act .... (this act), section 9116 (1c) (c), and that rate shall be sufficient to  
8 amortize the unfunded prior service liability of the state agencies over a 25-year  
9 amortization period.

10 **SECTION 100ig.** 40.05 (2) (bwm) of the statutes is created to read:

11 40.05 (2) (bwm) The employer contribution rate under par. (b) for employers  
12 that make an election under 2001 Wisconsin Act .... (this act), section 9116 (1c) (e),  
13 shall be adjusted to reflect the cost of providing the retirement benefits under 2001  
14 Wisconsin Act .... (this act), section 9116 (1c) (c), and that rate shall be sufficient to  
15 amortize the unfunded prior service liability of the employers over a 25-year  
16 amortization period. The department shall pool all employers that make the election  
17 under 2001 Wisconsin Act .... (this act), section 9116 (1c) (e), into a single employing  
18 unit for the purpose of calculating the increase in unfunded prior service liability  
19 rates under par. (b) that results from providing the retirement benefits under 2001  
20 Wisconsin Act .... (this act), section 9116 (1c) (c).

21 **SECTION 100jc.** 40.05 (2) (c) of the statutes is amended to read:

22 40.05 (2) (c) The percentage rates determined under this subsection shall  
23 become effective as of the beginning of the calendar year to which they are applicable  
24 and shall remain in effect during the calendar year, except that the secretary, upon  
25 the written certification of the actuary, may change any percentage determined

1 under par. (b) during any calendar year for the purpose of reflecting any reduced  
2 obligation which results from any payment of advance contributions or any increased  
3 obligation that results from providing the retirement benefits under 2001 Wisconsin  
4 Act .... (this act), section 9116 (1c) (c).”.

5 **2.** Page 355, line 15: after that line insert:

6 “(1c) EARLY RETIREMENT OPTION FOR CERTAIN PARTICIPATING EMPLOYEES IN THE  
7 WISCONSIN RETIREMENT SYSTEM.

8 (a) *Definitions.* The definitions in section 40.02 of the statutes are applicable  
9 in this subsection, except that “elected official” means a participating employee  
10 elected to an office by vote of the people.

11 (b) *Eligibility for early retirement benefits.* All of the following individuals who  
12 are participating employees on the effective date of this paragraph and who were  
13 employed by a participating employer, or on a leave of absence from a position with  
14 a participating employer, on February 1, 2002, are eligible for the early retirement  
15 benefits provided under paragraphs (c) and (d):

16 1. Any state agency employee, other than an elected official or an employee of  
17 the board of regents of the University of Wisconsin System, who has at least 10 years  
18 of creditable service, who terminates covered employment during the period that  
19 begins on July 1, 2002, and ends on January 1, 2003, and who receives an immediate  
20 annuity.

21 2. Any employee of the board of regents of the University of Wisconsin System,  
22 who has at least 10 years of creditable service, who terminates covered employment  
23 during the period that begins on January 1, 2003, and ends on July 1, 2003, and who  
24 receives an immediate annuity.

1           3. Any employee who is not a state agency employee, a school district employee,  
2 a technical college district employee, or an elected official, whose employer has  
3 elected under paragraph (e) to make its employees eligible for the early retirement  
4 benefits, who has at least 10 years of creditable service, who terminates covered  
5 employment during the period that begins on July 1, 2002, and ends on January 1,  
6 2003, and who receives an immediate annuity.

7           4. Any employee who is a school district employee or a technical college district  
8 employee, whose employer has elected under paragraph (e) to make its employees  
9 eligible for the early retirement benefits, who has at least 10 years of creditable  
10 service, who terminates covered employment during the period that begins on  
11 January 1, 2003, and ends on July 1, 2003, and who receives an immediate annuity.

12           (c) *Early retirement benefits: calculation of retirement annuity and receipt of*  
13 *other benefits.* Any participating employee described in paragraph (b) shall have all  
14 of the following apply for the purpose of calculating his or her retirement annuity  
15 under section 40.23 of the statutes and for receiving any benefit provided under  
16 chapter 40 of the statutes:

17           1. The earliest retirement date for the employee under section 40.23 (1) of the  
18 statutes is reduced by 2 years.

19           2. The employee's years of creditable service are increased by 3 years. For the  
20 purpose of calculating the value of a money purchase annuity under section 40.23 (3)  
21 of the statutes, the initial monthly amount of the retirement annuity in the normal  
22 form shall be increased by the amount that equals the increase in the initial monthly  
23 amount of the retirement annuity under section 40.23 (2m) of the statutes that results  
24 from providing the additional 3 years of creditable service.

1           3. The employee's age is increased by 2 years, except for the purpose specified  
2 under section 40.23 (2m) (f) 3. of the statutes.

3           4. Any limitation in the initial retirement annuity amount under section 40.23  
4 (2m) (b) of the statutes shall not apply.

5           (d) *Early retirement benefits: health insurance premium credits.* For any  
6 participating employee described in paragraph (b) 1. or 2., the number of health  
7 insurance premium credits provided to the employee under subchapter IX of chapter  
8 40 are increased by the number that yields an additional \$20,000 in health insurance  
9 premium credits.

10          (e) *Early retirement option for employers other than the state.* Any employer,  
11 other than a state agency, may elect to make its participating employees eligible for  
12 the early retirement benefits provided under paragraph (c) by notifying the  
13 department, in writing, before July 1, 2002.”.

14           **3.** Page 368, line 8: after that line insert:

15           “(4c) COMPENSATION AND FRINGE BENEFIT SAVINGS FOR STATE EMPLOYEES WHO ELECT  
16 TO RECEIVE RETIREMENT ANNUITIES DURING PART OF THE 2002-03 FISCAL YEAR.

17           (a) The definitions in section 20.001 of the statutes are applicable in this  
18 subsection, except that “state agency” does not include the department of employee  
19 trust funds or the investment board.

20           (b) The secretary of administration shall determine for each state agency the  
21 amount that the agency would have been required to expend for compensation and  
22 fringe benefits during the period that begins on January 1, 2003, and ends on June  
23 30, 2003, for state employees who elect to receive retirement benefits under SECTION

1 9116 (1c) (c) of this act and from each appropriation from which the moneys would  
2 have been expended, other than appropriations of federal revenues.

3 (c) From each sum certain appropriation of general purpose revenue identified  
4 in paragraph (b), the secretary of administration shall lapse to the general fund the  
5 amount specified in paragraph (b) that would otherwise have been expended from  
6 each of the appropriations. After the secretary of administration makes the lapse,  
7 each of the sum certain appropriations is decreased by the amount specified in  
8 paragraph (b) for that appropriation.

9 (d) For each sum sufficient appropriation of general purpose revenue identified  
10 in paragraph (b), the expenditure estimate for the appropriation during the 2002–03  
11 fiscal year is reestimated to subtract the amount specified in paragraph (b) for that  
12 appropriation.

13 (e) From each appropriation of program revenues or program revenues–service  
14 identified in paragraph (b), the secretary of administration shall lapse to the general  
15 fund the amount specified in paragraph (b) that would otherwise have been  
16 expended from each of the appropriations. After the secretary of administration  
17 makes the lapse, each of the sum certain program revenues or program  
18 revenues–service appropriations is decreased by the amount specified in paragraph  
19 (b) for that appropriation.

20 (f) From each appropriation of segregated fund revenues or segregated fund  
21 revenues — service identified in paragraph (b), the secretary of administration shall  
22 lapse to the underlying fund the amount specified in paragraph (b) that would  
23 otherwise have been expended from each of the appropriations. After the secretary  
24 of administration makes the lapse, each of the sum certain segregated revenues or  
25 segregated revenues — service appropriations is decreased by the amount specified

1 in paragraph (b) for that appropriation and the expenditure estimate for each of the  
2 appropriations that are not sum certain appropriations is reestimated to subtract  
3 the amount specified in paragraph (b) for that appropriation. The secretary of  
4 administration shall then transfer the lapsed amounts and an amount equal to the  
5 amount subtracted from the estimates to the general fund.

6 (4cc) EMPLOYER OBLIGATION TO FILL CERTAIN VACANT POSITIONS. Any employer that  
7 elects under SECTION 9116 (1c) (e) of this act to provide the retirement benefits under  
8 SECTION 9116 (1c) (c) of this act to its employees shall fill, no later than January 1,  
9 2004, all law enforcement and fire fighting positions that are vacated by employees  
10 who receive the retirement benefits under SECTION 9116 (1c) (c) of this act, but only  
11 if the employer can fill the positions with qualified individuals.”.

12 (END)